

TABLE 1
Available Performance Incentive Dollars

1. Actual Energy Efficiency Expenses		\$37,518,541	
2. After Tax Performance Incentive Rate (%)		5.00%	
	<u>Threshold</u>	<u>Design</u>	<u>Exemplary</u>
3. Incentive Range	70%	100%	110%
4. Potential Available After-Tax Incentive	\$2,057,784	\$2,939,691	\$3,233,660

<u>Available After-Tax Incentive by Component:</u>	<u>Threshold</u>	<u>Design</u>	<u>Exemplary</u>
5. Component 1: Savings Incentive	\$911,069	\$1,301,528	\$1,431,681
6. Component 2: Value Incentive	\$364,427	\$520,611	\$572,672
7. Component 3: Performance Metrics	<u>\$782,287</u>	<u>\$1,117,553</u>	<u>\$1,229,308</u>
8. Grand Total Available Incentive	\$2,057,784	\$2,939,691	\$3,233,660

<u>Calculation of Available After-Tax Incentive by Component</u>	<u>Weights for Incentive Components</u>			
	<u>Expenses</u>	<u>Savings</u>	<u>Value</u>	<u>Perf. Metrics</u>
9. Residential	\$9,627,308	50%	20%	30%
10. Low Income	\$4,296,411	0%	0%	100%
11. Commercial and Industrial	<u>\$23,594,822</u>	50%	20%	30%
12. Total	\$37,518,541			

Line Notes:

- The "Actual Energy Efficiency Expenses" includes all estimated Energy Efficiency Program Expenses net of 2002 carryover and Shareholder Incentives.
- Performance Incentive Rate.
- The incentive range is 75% to 110% in 2004-07. The threshold is 70% in 2003.
- The three levels of potential performance incentive described in each Administrator's Energy Efficiency Plan.
Total Design level incentive = (Line 1 x Line 2), Threshold level incentive = 75% of Design level incentive (70% in 2003), and Exemplary level incentive = 110% of Design level incentive.
- 6, 7. The 3 components of the Company's shareholder incentive described in each Administrator's Energy Efficiency Plan.
The Design level incentives are calculated and allocated according to the weights in lines 9, 10, and 11. Different weights will be used in 2003 as a first-year phase in, for Residential and C&I (50% savings, 20% value, 30% performance metrics)
- Sum of Lines 5 through 7.
- 9, 10, 11. For each customer class and incentive component, the design incentive is equal to the expenses times the incentive rate in Line 2 times the weight for the component. (See the formulas in the Design Level cells in Lines 5, 6, and 7.)
- Total expenditures; sum of Lines 9 through 11.